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JOINT INSPECTION UNIT

Building construction procedures of United Nations organizations

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee has considered the report of the Joint Inspection Unit on building construction procedures of United Nations organizations (A/36/297) and the related comments of the Secretary-General (A/36/297/Add.1).

2. In its report, the JIU stated that the report was prepared

"pursuant to General Assembly resolution 34/233 of December 1979, which requested the Joint Inspection Unit to 'conduct a full-scale study of procedures for obtaining estimates and soliciting bids on United Nations construction projects at Headquarters and in other United Nations offices with the assistance of outside expertise as necessary, it being understood that, in addition to covering procedures for major construction at all United Nations offices, the study should include comparative information with respect to other organizations in the United Nations system, should contain comments on the adequacy of practices and procedures now in place and should suggest such specific revisions and improvements as may be necessary'" (A/36/297, para. 1).

An interim report was submitted by JIU to the General Assembly at its thirty-fifth session (A/C.5/35/6).

3. General Assembly resolution 34/233 X resulted from a recommendation made by the Advisory Committee in its report on expansion of meeting rooms and improvement of conference servicing and delegate facilities at United Nations Headquarters. ^{1/} In paragraph 10 of that report the Advisory Committee expressed the view that the procedures for estimating and bidding for United Nations construction projects were

^{1/} Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 7A (A/34/7/Add.1-28), document A/34/7/Add.20.

not satisfactory. In dealing with the question, the Advisory Committee had requested the Board of Auditors to investigate the matter. The findings of the Board were summarized by the Committee in annex I to its report and the Secretary-General's response to the Board's recommendation was reproduced in annex II.

4. In paragraph 11 of the same report the Committee stated its opinion that "the time has come for an independent full-scale study of procedures for obtaining estimates and soliciting bids on United Nations construction projects at Headquarters and in other United Nations offices". It recommended that "the Joint Inspection Unit be requested to conduct this study with the assistance of outside expertise, as necessary".
5. The Inspectors stated in paragraph 3 of their report (A/36/297) that although, as had been requested, their report compared the construction practices of several United Nations organizations, their conclusions and recommendations were addressed primarily to the United Nations. The report was based on information obtained from five organizations concerning their general construction practices for 12 projects and on detailed information for six of these.
6. The JIU report covers five subjects: (a) building requirements; (b) the role of participants in construction; (c) bidding procedures; (d) the role of intergovernmental bodies; and (e) building costs. A summary of the Inspectors' conclusions and recommendations is given in paragraphs 69 to 82 of their report.
7. In the comments of the Secretary-General on the JIU report it is stated that "in general the Secretary-General considers that the proposals of JIU merit favourable consideration in connexion with any major construction to be undertaken in coming years" (A/36/297/Add.1, para. 3). The Advisory Committee concurs in this view and intends to make reference to the Inspectors' analysis and recommendations when it reviews future proposals for construction.
8. The JIU report and the related comments of the Secretary-General have convinced the Advisory Committee that there is a need for a clear delineation of responsibilities and for supervision, control and co-ordination of construction projects. For example, with regard to construction away from Headquarters, while there is certainly a need for considerable local input, there should be a central point of over-all direction and control and this should be the Under-Secretary-General for Administration, Finance and Management and the Assistant Secretary-General, Office of General Services. It is only in this way that reliable standards can be formulated and applied and that proposed deviations from standards to meet local exigencies can be evaluated in the context of priorities and requirements for the United Nations as a whole. Such a system would also ensure a clear line of accountability and would thus help to ensure that directives of the General Assembly and other legislative organs should be strictly and promptly applied.
9. With regard to the recommendation of the JIU - namely that greater attention should be paid to the process of determining building requirements and the architectural design should allow for as much economical expansion and alteration as possible during the life of the building - on flexibility in planning, the

Secretary-General has pointed out that "a decision on this matter can be affected by political as well as financial considerations and, under the circumstances, there would not appear to be a hard and fast rule and each situation would require individual consideration" (A/36/297/Add.1, para. 7). While the Advisory Committee agrees with the Secretary-General's comments, it believes that before a decision is taken on any given construction project, the General Assembly and other intergovernmental bodies concerned should be provided with all relevant information, including options which would take into account a forecast of long-range needs.

10. Recommendation 3 of the JIU concerns the availability of technical expertise. In this regard the Committee points out that much "in-house" expertise already exists in the various organizations in the United Nations system. Ways should be found to pool these resources and to share knowledge and experience in this area.

11. With regard to recommendation 9 of the JIU on rigorous application of competitive bidding, whenever possible on an international basis, the Advisory Committee notes the Secretary-General's acceptance of this recommendation (A/36/297/Add.1, para.16). The Committee trusts that implementation of this recommendation will help reduce costs and ensure the quality and timely completion of future construction projects.

12. Recommendation 10 of the JIU is to the effect that the General Assembly might charge the Advisory Committee, within its terms of reference, to pay special attention to all building projects. Proposals for new construction and alterations and for the monitoring of ongoing projects have always been areas of concern to the Advisory Committee, inasmuch as they involve significant expenditures and numerous other important administrative considerations.

13. The Advisory Committee is of the opinion that the procedures currently followed by the Secretary-General for construction project proposals (see annex) can be refined so as to allow for closer involvement of the Advisory Committee at the earliest stages. This would help ensure that by the time a proposal reached the General Assembly, it would include all relevant background and supporting justification with regard to need, a variety of options if necessary - including proposals for meeting long-range forecasts - and realistic estimates of cost for each option.

14. The Advisory Committee intends to request that it be informed immediately after the Secretary-General has determined that there is a need for new construction or for major alteration of existing premises. The identification of this need would have to be justified to the Committee which would provide guidance as necessary in the formulation of options. This procedure could take the place of step 2 in the list of procedures set forth in the annex to the present report. On the basis of these discussions with the Advisory Committee, the Secretary-General would prepare for submission to the Assembly a proposal that would include estimates of how much it would cost to prepare preliminary designs and obtain preliminary estimates of the cost of construction. The related report of the Advisory Committee would indicate the role it would play for that particular project with regard to the monitoring of the formulation of design proposals and the preparation of realistic estimates of the costs of construction, in accordance with JIU recommendation 11.

15. After consideration of the reports of the Secretary-General and the Advisory Committee, the General Assembly would decide whether to authorize the preparation of preliminary designs and the formulation of estimates of construction costs. If the decision is to proceed, the Advisory Committee would be involved in these activities to the extent it would already have indicated in its report to the Assembly on the initial proposal (see paragraph 13 above). The next step would be for the Secretary-General to submit to the Assembly a detailed report on the proposal, which would contain designs, a schedule for the completion of the work, and the proposed appropriations that would be required in each budget period. The related report of the Advisory Committee would, if necessary, indicate the extent to which its recommendations had been acted upon by the Secretary-General in the preparation of his report.

16. The Advisory Committee believes that the modification of current procedures in the manner indicated above, together with the strengthening of lines of authority and accountability recommended in paragraph 8 above, and the application of the JIU recommendations, will help ensure that future construction activities shall be carried out efficiently and in a cost-effective manner.

ANNEX

Present procedure for construction project proposals

(Taken from information provided to the Advisory Committee on Administrative and Budgetary Questions at its request by the Office of General Services)

Step 1

1. The first step has been to determine the nature and extent of the requirements that have created the need. In the past, this determination has usually been made by staff of the Office of General Services. In Geneva the requirements have been determined by the Director-General's office. In Vienna a special Headquarters Planning Unit was established within UNIDO to develop the building requirements. As far as other overseas locations are concerned, the establishment of a programme of requirements has generally been handled jointly by staff of the Office of General Services and of the economic commissions. This was also true with regard to the initial statement of requirements in connexion with the United Nations accommodation at Nairobi.

2. In developing a statement of requirements for office space, the normal procedure has been to estimate the anticipated growth of staff and other requirements in consultation with the substantive offices and the Budget Division. For conference space, similar information is obtained from the conference-servicing personnel and where additional requirements are based on projections of additional membership, the advice of appropriate political officers has been obtained.

3. The programme of space requirements and the planning assumptions on which they are based are generally approved at the highest administrative levels of the Secretariat before they are issued to the architects for planning purposes.

Step 2

4. The next step has usually been the preparation of a report for submission to the ACABQ and the General Assembly explaining the need and the extent of the additional facilities required. In some cases, depending on the nature of the project, a more limited discussion of the matter has been included in the appropriate section of the programme budget proposals or in the Secretary-General's progress report rather than issued as a separate report. The report also indicates the cost of employing an architect to prepare preliminary designs and cost estimates, should the General Assembly decide the project merits further consideration.

Step 3

5. Following completion of the preliminary designs and cost estimates, which usually takes approximately one year after the initial authorization has been granted, a report containing schematic designs for the project and the preliminary cost estimates is submitted to the General Assembly for review and decision. The report also indicates a schedule for completion of the work and, on the basis of that schedule, the appropriations which would be required in each budget period. Provided with this information, the General Assembly determines whether it wishes to proceed with the project, and may include in its authorization any project modifications it considers appropriate.

Step 4

6. After authorization has been granted, the architect prepares detailed design drawings and the construction working drawings which are required in order to seek competitive tenders for the construction project. Upon receipt of the construction tenders, if the price is within the amount of funds authorized, a contract is awarded and work immediately proceeds on the project.

7. In order to assure to the fullest extent possible that the tender price falls within the amount of funds authorized, the architect may be required to provide alternative solutions to the design problems and, if necessary, to redesign the project, or parts thereof, in order to reduce the cost. Also, when the construction tenders are sought, the bidders may be asked to provide alternative prices for eliminating or reducing certain features, for example, replacing marble finishes with plaster or using vinyl tile flooring rather than carpet.

8. If, despite these efforts, the cost of the project exceeds the authorized amount, the project is held in abeyance until the matter can again be reported to the General Assembly for reappraisal and a decision on further action.
